

EXHIBIT 2

1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF TEXAS
3 HOUSTON DIVISION

4 CITY OF HOUSTON, . Civil Action
5 . No. H-10-4545
6 .

7 VS. .

8 AMERICAN TRAFFIC . November 26, 2010
9 SOLUTIONS, INC., . 2:36 P.M.
10 . HOUSTON, TEXAS
11 .

12 TRANSCRIPT of PROCEEDINGS
13 BEFORE THE HONORABLE LYNN N. HUGHES
14 UNITED STATES DISTRICT JUDGE

15 APPEARANCES:

16 FOR CITY OF HOUSTON:

17 MR. DAVID M. FELDMAN
18 City Attorney's Office
19 P.O. Box 368
20 Houston, Texas 77001

21 FOR AMERICAN TRAFFIC
22 SOLUTIONS, INC.:

23 MR. ANDY TAYLOR
24 Attorney at Law
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Houston, Texas 77002

Proceedings recorded by mechanical stenography, transcript
produced by computer-aided transcription.

1 APPEARANCES (Continued):

2 ALSO PRESENT: Mr. Hittner

3

4 OFFICIAL COURT REPORTER: MS. STEPHANIE KAY CARLISLE
5 U.S. District Court
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Houston, Texas 77002
7 713.250.5157

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1 enforcement apparatus and then say never mind.

2 MR. TAYLOR: Right.

3 THE COURT: It has, in effect, taken the
4 entrepreneurial effort and the direct expense; but that's
02:46:10PM 5 compensable.

6 MR. TAYLOR: Well, beyond that, Your Honor, I would
7 mention that under the agreement, there is a clause that
8 obligates us to tear all of the equipment out -- that would be
9 over 70 cameras and all the related hardware -- within 45 days

02:46:24PM 10 of the termination. We believe that the termination, of
11 course, was not in compliance with the agreement, not in
12 compliance with the law; and that --

13 THE COURT: I can cure that.

14 MR. TAYLOR: The other one that --

02:46:33PM 15 THE COURT: The City will not -- will suspend its
16 opportunity to require that until we get this straight.

17 MR. FELDMAN: I'm sorry, Your Honor?

18 THE COURT: Will the City commit not to -- to
19 suspend the time and the obligation to remove the cameras

02:46:53PM 20 until we figure out what we are going to do?

21 MR. FELDMAN: Yes, Your Honor.

22 THE COURT: Thank you.

23 MR. TAYLOR: The other point that I would make that
24 we believe is irreparable goes beyond the City's borders. We,
02:47:05PM 25 of course, have contracts, existing contracts, with

1 MR. TAYLOR: Yes, sir.

2 If it is, nevertheless, despite what I said,
3 within the subject matter of the citizen's right to
4 referendum, then the City charter itself would have to be
03:08:12PM 5 reviewed to dictate the temporal limitations of such a right.
6 And, of course, here it is 30 days.

7 So, we believe that the appropriate decision by
8 the City would have been to reject the petition in a ruling
9 from Your Honor to that effect will not only unpop the popcorn
03:08:30PM 10 here in Houston but will cause ATS not to suffer irreparable
11 harm in other jurisdictions because --

12 THE COURT: But I am not going to do that today.

13 MR. TAYLOR: Oh, I understand that. No. I
14 understand you --

03:08:40PM 15 THE COURT: My question is: Between right now and
16 when I can figure this out, which partially depends on the
17 lucidity of your pleadings and presentations, what do I do in
18 the meantime? That's why we are here.

19 MR. TAYLOR: Right.

03:09:01PM 20 THE COURT: And -- do you have a suggestion? I just
21 tell them to go back and do it?

22 MR. TAYLOR: Well, my suggestion, Judge --

23 THE COURT: Because 120 days would be Valentine's
24 Day, roughly.

03:09:17PM 25 MR. TAYLOR: Right.